

State of South Dakota

EIGHTY-FOURTH SESSION
LEGISLATIVE ASSEMBLY, 2009

753Q0028

SENATE STATE AFFAIRS ENGROSSED NO. **SB 3** - 1/28/2009

Introduced by: Senators Knudson, Peterson, and Rhoden and Representatives Noem, Dennert, and Street at the request of the Agricultural Land Assessment Implementation and Oversight Advisory Task Force

1 FOR AN ACT ENTITLED, An Act to revise certain provisions concerning the assessment of
2 agricultural land.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

4 Section 1. That § 10-6-33.28 be amended to read as follows:

5 10-6-33.28. Notwithstanding the provisions of § 10-6-33, beginning on July 1, 2009,
6 agricultural land shall be assessed based on its agricultural income value on a per acre basis. The
7 agricultural income value of agricultural land shall be determined on the basis of productivity
8 and the annual earnings capacity of the agricultural land. The productivity of agricultural land
9 and its annual earning capacity shall be based on data collected and analyzed pursuant to this
10 section and §§ 10-6-33.29 to 10-6-33.33, inclusive.

11 Agricultural income value is defined as the capitalized ~~average~~ annual earning capacity on
12 a per acre basis which has been adjusted by an amount that reflects the landowner's share of the
13 gross return. The capacity of cropland to produce agricultural products shall be based on the
14 income from crops or plants produced on the land. The capacity of noncropland to produce



1 agricultural products shall be based on cash rents or the animal unit carrying capacity of the
2 land, or a combination of both. For the purpose of this section, annual earning capacity for
3 ~~cropland and noncropland shall be determined by the 2009 and 2010 Legislature;~~

4 (1) Cropland is thirty-five percent of the annual gross return to the land; and

5 (2) Noncropland is one hundred percent of the annual gross return to the land based on
6 cash rent for noncropland.

7 The annual earning capacity shall be capitalized at a rate of six and six-tenths percent to
8 determine the agricultural income value.

9 Section 2. That § 10-6-33.29 be amended to read as follows:

10 10-6-33.29. The secretary of revenue and regulation shall enter into contracts with South
11 Dakota State University and, if necessary, the South Dakota Agricultural Statistics Service for
12 the purpose of creating a database to determine the agricultural income value of agricultural land
13 by county. The cropland data shall include: acres planted, acres harvested, yield per acre, and
14 ~~locally adjusted~~ statewide crop prices. ~~Locally adjusted crop prices shall be established by~~
15 ~~adjusting statewide prices.~~ The noncropland data shall include: cash rents, rangeland acres,
16 pastureland acres, rangeland AUM's per acre, pastureland AUM's per acre, grazing season data,
17 and statewide cow and calf prices. The secretary shall have such data collected for 2001, which
18 will serve as the first year of the database, and each year thereafter. The database shall consist
19 of the most recent eight years of data that have been collected and the two years, one year
20 representing the highest agricultural income value and one year representing the lowest
21 agricultural income value, shall be discarded from the database. The database for the 2010
22 assessment for taxes payable in 2011 shall consist of data from 2001 to 2008, inclusive, and the
23 database for each assessment year thereafter shall be adjusted accordingly. ~~The economics~~
24 ~~department~~ South Dakota State University shall provide the data for each county to the secretary

1 of revenue and regulation by June first of each year.

2 Section 3. That § 10-6-77 be amended to read as follows:

3 10-6-77. For the taxes payable in 2011, 2012, ~~and~~ 2013, 2014, 2015, 2016, and 2017, the
4 total taxable value of ~~agricultural land and cropland~~ within any county may not increase or decrease
5 more than fifteen percent in any year. For the taxes payable in 2011, 2012, 2013, 2014, 2015,
6 2016, and 2017, the total taxable value of noncropland within any county may not increase or
7 decrease more than ten percent in any year.

8 Section 4. That section 3 of chapter 44 of the 2008 Session Laws be amended to read as
9 follows:

10 Section 3. That sections 1 and 2 of this Act be repealed on July 1, ~~2015~~ 2017.

11 Section 5. That chapter 10-6 be amended by adding thereto a NEW SECTION to read as
12 follows:

13 The secretary of revenue and regulation may enter into a contract for the collection of cash
14 rent information for agricultural land by county. Cash rent information shall be adjusted by soil
15 survey statistics if available.

16 Section 6. That chapter 10-6 be amended by adding thereto a NEW SECTION to read as
17 follows:

18 Notwithstanding the provisions of §§ 10-6-33.28 to 10-6-33.33, inclusive, the director of
19 equalization may equalize the assessed valuation of all cropland if the total assessed valuation
20 of all cropland and total assessed valuation of all noncropland is equal to the total assessed
21 valuation of agricultural land as determined by the application of the provisions of this chapter.
22 Notwithstanding the provisions of §§ 10-6-33.28 to 10-6-33.33, inclusive, the director of
23 equalization may equalize the assessed valuation of all noncropland if the total assessed
24 valuation of all cropland and total assessed valuation of all noncropland is equal to the total

- 1 assessed valuation of agricultural land as determined by the application of the provisions of this
- 2 chapter.